

PROJECT ADMINISTRATION DATA SHEET

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ORIGINAL

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REVISION NO. \_\_\_\_\_

Project No. A-2896

DATE: 3/26/81

Project Director: R. B. Cassell School/~~Lab~~ EDL/ARD

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Title: Seminars on Community Economic Development

ADMINISTRATIVE DATA

OCA CONTACT Faith G. Costello

1) Sponsor Technical Contact: Mr. Joseph H. Inglis

Georgia Power Company, P. O. Box 4545; 230 Peachtree St.; Atlanta, GA 30202

2) Sponsor Admin./Contractual Contact: Same as above

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RESTRICTIONS

See Attached N/A Supplemental Information Sheet for Additional Requirement

Travel: Foreign travel must have prior approval - Contact OCA in each case. Domestic travel requires sponsor approval where total will exceed greater of \$500 or 125% of approved proposal budget category.

Equipment: Title vests with Sponsor; however none proposed

COMMENTS: \_\_\_\_\_

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Other: Betty Coburn

SPONSORED PROJECT TERMINATION SHEETDate 1/7/82Project Title: Seminars on Community Economic DevelopmentProject No: A-2896Project Director: Eric BergSponsor: Georgia Power CompanyEffective Termination Date: 10/28/81Clearance of Accounting Charges: 10/28/81 (perf.)  
11/9/81 (rpts.)

Grant/Contract Closeout Actions Remaining:

- ☒ Final Invoice and ~~Closing Documents~~
- ☐ Final Fiscal Report
- ☐ Final Report of Inventions
- ☐ Govt. Property Inventory & Related Certificate
- ☐ Classified Material Certificate
- ☐ Other \_\_\_\_\_

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17.7.86

June 24, 1981

Mr. Joseph H. Inglis  
Manager, Industrial Development Development  
Georgia Power Company  
P. O. Box 4545  
Atlanta, GA 30302

Dear Joe:

Our contractual agreement provides that we submit a summary report on the first seminar which we held June 1 and 2 at the Falcon Racquet Club and Health Spa at Suwanee.

We had in attendance a total of 62 representatives from the Georgia Power Company. I was not able to identify all of the absentees -- perhaps Lee Conn or Bob Oglesby can do that, as they prepared the roster.

We followed the format of course instruction, as had previously been reviewed with you and agreed upon. Each attendee received a copy of Community Economic Development: A Handbook, and outlines for each segment, plus other selected handouts. You will recall that I gave to you a complete set of these materials and handouts along with a copy of the Handbook.

The opening presentation on "Why Industrial Development" was my assignment, following the third segment of the movie from Mississippi R & D. The discussion stressed economic development as a process with inherent changes resulting from national economic trends and regional differences. Some of this was in the Handbook, and attention called to that fact.

"Preparing the Community for Economic Growth," discussed by Phil Loveless, emphasized the formulation of a program, vehicles for community economic development and aspects of the local activity.

"Leadership Roles," also by Loveless, gave insight on how to identify community leaders and methods to get them involved.

"Community Profile or Inventory," presented by Eric Berg, emphasized the community audit, the collection of data and presentation of same; specific references were made to the chapter in the Handbook.

In the afternoon I reviewed "Plant Location Factors" with consideration of basic location factors and secondary factors, and how these are evaluated by plant facility location specialists.

"Industrial Sites and Buildings" were described by James Topple of Pattillo Construction Company, who gave specific details on industrial park development, building construction and marketing techniques.

"Industrial Development Financing" was discussed by Michael Easterly of William Blair and Associates, who presented an analysis of the sources of capital and the importance of financing in the location process.

A brief lecture on "Environmental Constraints" by Berg concluded the first day's program. He described the legal controls on water, air, solid waste and other pollution sources and Georgia's own program to control these aspects.

The following morning we examined the "Marketing Team" with Loveless, who used an audio/visual presentation by the AIDC Educational Foundation to elaborate upon this aspect.

"Community Strengths and Weaknesses" by Berg illustrated methods of identifying the usual community weaknesses, and gave specific suggestions for programs to improve strong community segments and to correct or offset identifiable weaknesses.

"Transportation Considerations" which I presented gave some insight into changing emphasis in transportation modes and recent trends in inter-modal combinations. I indicated future growth trends will be influenced by the rash of deregulation provisions and impending rate changes which will make some forms of transportation more favorable to economic growth.

"Labor Resources and Training Programs" by Loveless examined the composition of the community labor force and emphasized what the local developer needs to know about his community's labor supply.

The abbreviated afternoon session gave an overview of "Current Economic Trends" in which I pointed out the continuing dependence upon manufacturing for job creation, along with a growing attention to non-manufacturing activities as a source of new employment.

"Modern Prospecting Techniques," delivered by Berg, placed major focus on the team concept at the state level and methods for special local promotion techniques, with some attention to "do's and don'ts" in dealing with the industrial prospect.

We gave each attendee an opportunity to evaluate the program. Of the 56 evaluations received from the class, about 80% gave favorable reactions, several being extremely complimentary. A limited number of respondents bothered to set down their appreciation for the printed materials which were distributed during the program.

These evaluations indicate that the program was well received. Only five negative responses indicated that they did not feel the purposes of the seminar, as indicated in the announcement, had been accomplished -- apparently several never received such an announcement. Only five (four of whom indicated that it was not appropriate to the job title or assignment) indicated they would not be able to utilize the information and/or procedures recommended in the seminar.

June 24, 1981

In general, the physical facilities were considered good; however, some complaints were voiced about the noise level (the air conditioning unit was most distracting, and the smell of pesticides almost overwhelming) and the size of the group, neither of which conditions were in our control.

Since we have not received our accounting sheets for expenditures in June, I am estimating for you expenditures to date. These approximate and preliminary numbers will be revised for you, once the June charges have been logged:

Personal Services	\$2,745
Materials & Supplies	705
Travel	102
Indirect Costs	2,004
Staff Benefits	<u>303</u>
Estimated Total	\$5,859

Some of these expenditures are a one-time non-recurring charge (principally for writing, editing and publishing the Handbook and for development of the lecture outlines). The Materials & Supplies item also includes the honorarium and travel for our two lecturers.

As you know, I am leaving Georgia Tech at the end of this month, and the project is being turned over to Eric Berg. I will be available for further exploration of these matters, however, should that be deemed desirable.

Cordially,

Robert B. Cassell  
Principal Research Scientist

RBC:ds

cc: Dr. David Clifton  
Dr. Jerry Jackson  
Mr. James Mercer  
Mr. Eric Berg

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# **COMMUNITY ECONOMIC DEVELOPMENT: A HANDBOOK**

**COMMUNITY ECONOMIC DEVELOPMENT:  
A HANDBOOK**

by

**Robert B. Cassell**

**Prepared for  
GEORGIA POWER COMPANY  
Atlanta, Georgia**

**Economic Development Laboratory  
Engineering Experiment Station  
GEORGIA INSTITUTE OF TECHNOLOGY**

**May 1981**

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## *Chapter I*

### THE PROCESS OF COMMUNITY ECONOMIC DEVELOPMENT

#### Reasons for Activity

Most Georgia communities seek to attract new industries. They recognize that there are advantages in bringing new payrolls into the community, because of the general concern with increasing employment opportunities and expanding the local tax base. In order to accomplish these things, the community must have a program of economic development with a focus furnished by some organization or by a group of leaders having the responsibility for getting the job done.

The primary purpose of an economic/industrial development program is to create productive employment opportunities--jobs. These jobs result from capital investment made by private or public sources, principally the former. The more common forms of private capital investment are those that generate jobs in manufacturing plants, office complexes, or distribution centers.

Industrial development itself covers all forms of private or public activity aimed at attracting additional payrolls. It mobilizes the mental attitudes and physical resources of the community for the attraction and cultivation of both new and expanded industry in order to create a balance of residential, commercial and industrial spheres that will lead to steady and desirable community growth.

#### Community Viewpoint

Expansion of employment opportunities in various segments of economic life is basic to any community's growth, to expansion of income, and to provision of funds for supporting public services. Every community seeks to attract new residents and new business activities, as well as to retain its present residents and existing businesses, by offering economic opportunities and good community services. Jobs must be made available for young people reaching adulthood, or they will move to centers where the jobs do exist.

Industrial growth will encourage the young adults to remain, to sink their roots down, and to invest both youth and energy in the hometown. Also, it fosters community pride which sparks citizens to assume greater civic responsibilities. By generating additional income in the community, it can lead to better housing, more diversity in commerce, and better living conditions.

High levels of living standards are essential for adequate social and economic development. Better living conditions, expanded governmental services, higher

levels of health, safety, social order and welfare, and environmental health can only be achieved if the tax base is broadened and more revenue provided for the city and county.

### Goals and Objectives

While industrial development can take many forms, the most generally recognized is the branch plant location process. In this process, companies, either locally owned or headquartered outside the state, open new plants or expand the ones they presently operate. A second version is the establishment of plants by firms which are newly organized and without previous manufacturing facilities. A third form is an approach, frequently exaggerated by the press, which is labeled as plant relocation. Relocation does occur, but is more common within major metropolitan areas than taking place as a removal from one region of the country to another.

The process of economic development assumes that the community must put its best foot forward at all times and solicit the most appropriate industrial prospects. If this is done well, in keeping with the resources of the community, it should lead to healthy, desirable growth.

The work of attracting new industry to a community is the responsibility of local community leaders, sometimes aided by a paid professional staff. This work may be the responsibility of the chamber of commerce or a committee of the chamber which concentrates on industrial development. Or it may be done through a local industrial development corporation or authority (described in the next section).

No matter what the particular vehicle is used to promote the community's economic development, the industrial development organization must do its homework. It must research and plan before it establishes policy upon which to base its program of operations. The economic development effort must concern itself with the development of the total community, not simply with one or selected elements in the community.

If the community is to be successful in achieving balanced growth, it must in itself have a quality product which can be marketed in the highly competitive industrial development field.

### Recent Trends

In recent decades, many population shifts have occurred, basically in response to the creation of new job opportunities. These have put extreme pressure on rural-oriented communities. With the development of improved farm machinery and advanced

methods of crop production, the amount of food and fiber which the individual farmer can produce has risen dramatically. Agricultural production continues to increase, but the number of persons involved has declined; this drop in agricultural employment has accentuated migration to urban areas.

Certain regions have tended to lag behind the national average growth rate, and have been principal target areas, considered as "economically remote" areas, for some government programs. Certain of these areas are removed from main transportation routes and industrial centers, and some have been oriented toward economic activities that may be waning.

In Georgia the increase in new manufacturing plants and expansions of existing industrial operations in recent years has averaged about one billion dollars annually in investment. Total industrial employment throughout the state is expanding by about 20,000 jobs a year.

#### Community Economic Development Process

Four steps must be taken by any organization which is committed to economic development. These are fact-finding, analysis, decision, and action.

- Fact-Finding. It is difficult to overcome any problem which is ill-defined. When a matter emerges and begins to attract public attention, it may be necessary to obtain the pertinent facts to verify the nature of the problem. If unemployment appears to be a major problem in a community, investigation of the facts may reveal that while jobs are available the people with the necessary skills to fill these jobs are not present in the labor force. This, then, becomes a training problem rather than one of the development of new job opportunities.

- Analysis. Sometimes, an in-depth analysis of the community may reveal problems heretofore unrecognized. Efforts to improve the industrial site situation in some communities may depend upon the water distribution system, which could be inadequate or tied to a limited water supply.

The consequence of discovering the facts about community problems will direct the development organization to analyze the conditions in order to determine alternative ways of correcting the situation.

- Decision. Once the facts are in hand and the alternative courses of action clearly outlined, the community industrial development organization is in position to make sound decisions. At this point, other considerations may come into play. What are the resources available to carry out the program? Does there exist a broad base of support for the proposed action? Does the project have a high

priority or is some other community need more pressing?

Some organizations fail to act on what appears to be a sound project because there is uncertainty as to public reaction. Leaders and organizations do not usually desire to be associated with projects that fail, so they must muster public support for the projects to be undertaken.

- Action. The decision to act must be accompanied by a plan of action, which should include a step-by-step procedure by which the project can be achieved. Some community development projects will be beyond the resources of any single community group, requiring that those groups which have the combined resources to do the job be brought together.

## Chapter II

### LOCAL DEVELOPMENT ORGANIZATIONS

Industrial development organizations operate on many different levels, in terms of geography as well as structural position. The most important groups are those which promote the development of the community itself.

#### Types of Organizations

Local organizations include chambers of commerce, local development companies or corporations, local development authorities, city or county governmental agencies, and multi-county agencies such as the area planning and development commissions found in Georgia.

Chambers of Commerce. The oldest of the local type of organization, chambers of commerce or boards of trade, dates back to the 1880's. The chamber represents the interests of the business community, and is usually funded through membership fees or dues from member firms and individuals; occasionally it may also receive tax funds from the city or county government for promotion purposes.

Industrial development is usually only one of a number of functions carried out by a chamber. Other activities may include retail trade and tourism promotion. The staff may range from a part-time volunteer executive secretary in a small chamber to a full-time cadre of professionals encompassing several specialties in the large metropolitan chamber.

Local Development Corporations. The local development corporation or company (LDC) may utilize private or public funds, or some combination thereof. They are governed by civic leaders from business and government appointed to sit as a board of directors. Some communities may have both a chamber of commerce and a LDC working together on industrial development, with interlocking boards.

Local Development Authorities. Organized on either a community or a county basis, the local development authority is the vehicle used for financing plant construction by issuing industrial development revenue bonds. Some of these authorities are created under special amendments to the Georgia Constitution, but most are formed under general enabling legislation. Quite often, the municipal and county governments, and perhaps the chamber of commerce, are represented on the authority.

City or County Governmental Development Agencies. Industrial development agencies organized as an integral part of the city or county government have grown in use in this country in recent years. Funding comes from the tax revenue of the parent government. They operate similar to other city/county departments.

Multi-County Agencies. Beginning in 1959, the multi-county agency concept initiated in Georgia has spread to many other states. Funding comes from local taxes--usually both city and county-- as well as from state and/or federal funds.

These agencies have a professional staff and concentrate on multi-county planning activities, as well as being concerned with broad-scale economic development. Since a significant portion of these bodies' funds come from federal agencies, their programs tend to shift in emphasis and content with the rise and fall of available federal funds. There are 18 area planning and development commissions in the State of Georgia.

#### Program Formulation

Before a successful action program can be instituted, there must be a recognized need for economic growth within the community. Much of the effort and all of the decisions necessary for accomplishing any changes must come from local sources.

An examination of a community's resources may reveal deficiencies that can be overcome; or the community may suffer from the psychological handicap of unprogressive leadership. This latter, combined with general community apathy if not actual resistance to change and improvement, may often be ascribed to a reluctance to pay the price of progress.

The natural consequence of uncovering the facts about community problems will force the community economic development organization to analyze the resources and conditions to determine alternative ways of correcting the situation.

#### Initiation of Program

The evolution of a local economic development program usually results from the concern of a few citizens, possibly from the business sector, over the community's evident lack of progress. This small group may decide to act, but is uncertain of the direction in which to move. Technical guidance is often sought from some state or regional organization experienced in community development problems. Otherwise, the local group may start a development program with-

out any clear idea of its objectives, resulting in much effort and expense without tangible results.

A community economic development program involves the study-action process. A study of the community's resources is undertaken to determine the strong and weak points of the local situation, with special emphasis on the identification of the problem areas that appear to be handicapping community growth and economic expansion. This initial problem identification phase often provides a better understanding not only of the needs, problems, and interests, of the community, but also of its municipal organization and civic leadership structure.

The success of a local economic development program depends not only on examination of the community's economic situation, but also upon the effective selling of the expansion program to the citizens. Any program which will produce substantial results will cost money, both in implementation of recommended actions on local problem areas and for the day-to-day operational expenses of the program. Either tax money or private funds (perhaps both) will be involved in effecting improvements, along with general public support of organizational expenses. Consequently, a community-wide publicity campaign may be necessary to achieve and maintain general public support.

#### Proper Approaches

Some misconceptions have arisen concerning the impact of industrial activity. There is a belief that so long as a community can add additional manufacturing jobs, employment in all the other sectors of the economy automatically will adjust upward to provide the services and goods required by the new workers in manufacturing.

The lack of suitable housing, for example, will prevent people from moving into a community, even if good jobs are available. This problem can become so acute as to prevent the location of new industrial plants in an otherwise suitable area. The same results may be experienced from inadequate water, sewage, or school systems.

Some development groups hold to the belief that only manufacturing activity and no other types of economic activity are basic. Certain manufacturing plants may be more of a service type, while some non-manufacturing sectors such as medical services, state and federal governmental offices, and even wholesale and retail establishments bring in considerable outside activity. Good economic

development programs are geared to include efforts to attract those types of nonmanufacturing activities.

Community development groups are cautioned not to overemphasize the need to bring so-called "new money" into the area via exports, while overlooking the process of reducing the leakage of "old money" out of the area. Purchases of goods and services from outside the area by local residents constitutes one form of such leakages. Upgrading of local retail and service enterprises will diminish this effect.

#### Community Development Work Programs

Goal Setting. Goals are commonly accepted by most development groups as an end result, the objectives toward which community economic development programs are aimed. Defined in many ways and in many terms, goals should be simply stated in order that they can be understood and agreed upon by various segments of the community itself. A clear definition of goals is an essential first step in the construction of plans and programs.

Self-Evaluation. The self-evaluation techniques which are a requisite for definition of goals must be preceded by the collection of all pertinent facts regarding the community's present situation. The collection of such economic data should be substantiated with some in-depth historical information which will give insight into why the present situation has developed.

Once an economic profile of the community has been prepared, then an analysis of the community's situation can be made. Attention needs to be drawn to the weaknesses and liabilities of the community, with a distinction between those weaknesses which can be corrected and those which do not lend themselves to alteration by human beings. The inherent strong points, or assets, or the community also need to be identified and analyzed.

This process of making an analysis of the community's assets and liabilities has to be done within the framework of the regional setting. All communities are the constituents of a region and while contributing to its total strengths and weaknesses, they tend to reflect the inherent characteristics that the region possesses.

Types of Goals. At least four separate types of development goals can be identified. Economic goals are at the center of community and regional attention, with raising the standard of living as a major objective. They may be expressed as an increase in real personal income, or the provision of jobs for all citizens



who seek employment, or the higher utilization of all local resources.

Social goals are also a major interest and are frequently defined in terms of better housing, of better education, and of improved health facilities. Political goals are concerned with the form and efficiency of governmental operations, with attention to measures to achieve productivity in municipal and county functions. Some local goals are in the physical arena, defining how land is used and the institutional facilities developed for the community.

### Getting Results

The industrial development organization must be representative of the various segments or groups that make up the community. Its executive should be a professional industrial developer, if possible. The organization must have a team of dedicated and informed people who are willing and able to work over a period of time to achieve the development goals.

Anything that an industrial development organization does well or does poorly has an impact upon the community. That impact can have lasting consequences. Projects undertaken by the industrial development organization should be examined carefully as to the costs to the community and the benefits to be derived.

One of the best ways to ascertain the cost and benefits is an objective study of what impact a particular development will have upon the major elements of the social, the economic, and the natural environment of the community.

For private capital invested to achieve industrial growth there must be the opportunity to realize a competitive profit for the investor, a fair return on the investment over the years. For public capital invested there should also be a return which will produce social and economic benefits for the community.

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### Chapter III

## THE FUNCTION OF LOCAL LEADERSHIP

### Importance of Leadership

If there is one factor or ingredient which can be considered the most important to a successful industrial development program, it is local leadership. Without this element nothing much is going to happen, regardless of what the community has at its command. Someone at the local level has to inventory what can be sold, put together enough facts to be used in the sales campaign, make the sales pitch, and commit the community to meeting the investing prospect's needs for such items as street, water, or sewer extensions; local financing; lease/purchase agreements on land or buildings. It takes much time and effort to mount an industrial development program, time and effort which any outside agency (such as a major bank, utility company, railroad, or a state development agency) cannot afford to expend on one community. Only local individuals, willing to invest this much in any given community, can make the program successful.

### Who Ought to Be Involved

The usual key leaders found in the community development activities will come from the economic and governmental sectors, although from time to time civic, neighborhood, cultural or minority leaders will take active roles. Leadership on any project will reflect the nature of the project as well as the motivation and interest of the potential leaders.

Economic Sector Leaders. Generally, those who play the largest role in community economic development efforts are identified with the economic sector. They may come from the financial, commercial, industrial, or professional sectors. Their role is primarily in the policy-making and advisory areas; they participate to a lesser degree in implementation of projects. When they accept leadership, they frequently use their employees or organization staff people to carry out the necessary activities.

Government Officials. Government officials, both elective and appointive, are frequently vital to the successful completion of community development projects. Their role in the selection of projects and in the determination of policy is usually a lesser one. Some elected and appointed officials are crusaders for reform or for some community action which they deem necessary to the

general welfare. Most officials, however, who have held governmental posts for any length of time follow, rather than try to create, public opinion. Once public opinion has been crystallized on a subject, these officials can become aggressive in carrying out the needed program.

Civic Organization Leaders. Civic organizations such as service clubs (Rotary, Lions, Kiwanis, Civitan, etc.) usually have a membership containing some of the top leaders in the community and many of the second-level leaders. These organizations serve as a regular meeting ground for these two sectors of community leadership, permitting an informal exchange of views on issues. In the smaller communities, the civic organizations play a vital role in initiating and carrying out improvement projects.

Other Leader Sources. There are many types of neighborhood organizations with differing objectives and degrees of effectiveness. Projects undertaken by such groups are generally restricted to the neighborhood area.

The social, religious, and artistic leaders of the community are not generally in the forefront of community development policy making, although they are frequently called upon in an advisory capacity and sometimes for implementation of projects.

Minority organizations have existed as long as the United States. All of the early settlements in the New World were established by minority groups, ranging from the religious oppressed to the debtors who first settled Georgia. Many minority leaders wield considerable influence in the community. Some seek to establish new enterprises owned and operated by blacks in commercial, service, or manufacturing sectors.

#### Analysis of Leadership Structure

The factors that make a leader are complex and vary frequently with the individual. The relationship with others in the leadership structure may also be complex. Leaders exercise their leadership within power structures in most communities.

What characteristics set leaders apart from others in the community development activity? Most can be categorized in one of four classes.

The static leader is as an expert who knows the answers to problems but who develops no bonds with the leadership group in a community. Some outside experts called upon for answers to a community group may fall into this category.

Institutional leaders are those who provide dynamic leadership by virtue

of positions with institutions such as churches, schools, or government.

The impressive type of dynamic leader assumes a leadership role because he or she is interested in gaining power or influence over others. These leaders are well motivated and tend to work harder than others.

The expressive, dynamic leader recognizes that his or her own best interests are served by acting with and through the group. Under such guidance, there is a sharing of leadership, and the group can carry on effectively even without the presence of the leader.

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## Chapter IV

### WORKING WITH OTHER DEVELOPMENT AGENCIES

#### Types of Organization

We have already described in Chapter II the typical local development agency which will be found in most Georgia communities. At the state level, usually operating state-wide, there are some other important agencies which are strongly committed to the economic progress of Georgia.

State-level organizations cover a wider geographic area than do the local organizations. Falling within this category are state development agencies, utility companies, banks, railroads, real estate developers and construction companies which have their own industrial development departments or programs, and university research programs. Also involved are federal/state regional commissions and multi-county planning and development agencies.

State Development Agencies. Almost every state has a development agency which is responsible for promoting industrial growth. In Georgia this function is handled by the Department of Industry and Trade, managed by a Commissioner who serves at the pleasure of a board of directors which is appointed by the Governor.

The department conducts a national advertising campaign aimed at attracting new plants into Georgia. Its staff members make personal calls on industry managements and assist them by providing data on Georgia and on individual communities. They frequently take industrial prospects around the state to inspect communities and to confer with local development organizations concerning the firms' plant location requirements. The selection of communities to be visited is based on the stated requirements of each firm and the staff members' knowledge of Georgia communities.

This department, like others, acts as a middleman in bringing interested industrial firms to Georgia and putting them in contact with community development groups. The actual selling job is done by the local group, however. It is the responsibility of the local group to make certain that I&T and other development agencies have accurate up-to-date material on the community, and are aware of the local group's ability to properly present that community.

State Chamber. For many years the Georgia Chamber of Commerce has been an influential agency in the industrial growth of the state. Although its industrial development staff is small, in terms of numbers, due to close relationships with other development groups on both the state and local level, the State Chamber has

continued to be active in the development of industrial prospects and in advisory assistance to local efforts.

Utility Companies. Electric and gas utilities maintain industrial development departments. Both the Georgia Power Company and Oglethorpe Electric Corporation have industrial development departments. Prior to the energy crisis, these departments were responsible for building the industrial load; today the emphasis is on developing efficient industrial loads which will utilize power. These departments advertise nationally for industrial prospects, call on industrial executives, and work with them in identifying communities which can meet their requirements.

Banks. Several of the largest banks in Georgia have industrial development departments generally headed by a vice president. They provide most of the development activities as described under "Utility Companies," supporting the efforts of other development agencies.

Transportation Companies. American railroads have been involved in industrial development since early in our country's history. This activity was and is designed to increase the traffic on the company's lines through the location of rail-using industry along its right-of-way. Activities usually parallel those carried out by the other state-level organizations, with one difference.

The railroads frequently own land along their lines for use as industrial sites. In most instances, they restrict the use of such sites to those industries which will generate sizeable carloadings, since this is the carrier's goal. While it is to the community's advantage to have a railroad-owned site located nearby, the restrictive usage makes it necessary for the local organization to control one or more sites for non-rail oriented industry.

Real Estate and Construction Companies. A number of firms in the southeast engage to some degree in industrial development as an adjunct to their primary business activity of selling or developing real estate or constructing industrial buildings. These firms may provide active leads for industrial prospects. Others may select land in a community for development as an industrial site or industrial park, or they may engage in the construction of a speculative industrial building.

Universities. Members of the University System of Georgia, as well as some private institutions of higher learning, have service programs which can provide assistance to local development organizations. These units have the expertise for studying a variety of subjects related to community industrial and economic development, such as community economic analyses, prefeasibility and feasibility studies,



identification of compatible economic activities, and other technical subjects.

Federal/State Regional Commissions. In Georgia two joint federal/state commissions have been effective in supporting local economic development programs. One of these is the Appalachian Regional Commission which covers thirty-seven counties in the northern part of the state. The remainder of Georgia is served by the Coastal Plains Regional Commission. While it is quite likely these commissions will be eliminated under the national administration budget tightening, their work has been supportive in making funds available to local development groups.

Multi-County Agencies. Georgia has been divided into eighteen Area Planning and Development Commission (APDC) regions. Each of the commissions has a professional staff, some with economic development specialists who are able to render technical assistance and perform some research for local development groups.

#### Role of the Local and State-Level Agencies

The local industrial development agency and the state-level agencies have complementary roles to play. These require understanding, confidence, and cooperation. Given sufficient money, a local development agency could manage fairly well without the umbrella agencies, but to do so would be very short-sighted. A number of industrial prospects would likely never be brought into contact with the local group, nor would the local group have the benefit of various other services and resources which these organizations can provide.

On the other hand, the state-level organizations are very much in need of assistance from the local groups. The local industrial development organization is the keystone in the development process. This is so because it is only the local organization which is able to make the local sales presentation as well as any concessions or commitments to an industrial prospect.

As indicated above, the state-level agencies can provide a number of services to the local industrial development group. These generally include (1) identification of prospective industries; (2) personal calls on prospective industries; (3) publication of brochures and other informational materials; (4) media advertising; (5) escorting industrial facility locators to suitable locations; (6) assisting local groups with technical problems; and (7) limited research assistance.

### Cooperating With State-Level Department Agencies

It should be apparent that state-level organizations need the cooperation and the support of local development groups in their geographic service areas. But how can the individual Georgia Power Company official assist those umbrella organizations serving his geographic area?

Through personal contact with the staff of these organizations at their offices, at the monthly Georgia Industrial Developers Association meetings, or in hosting a local "show and tell" day for developers, the Georgia Power Company official can keep these persons informed as to what is happening at the local level. As new data on the community becomes available, such facts should be presented for inclusion in the state-level organization files.

### Working With Existing Business and Industry

Although the popular concept of economic development concentrates upon the attraction of new industry, attention to existing business and industry has a proper role in any well-rounded economic development program. Local development groups should be concerned with the health and welfare of firms which are already in the area.

The goal of economic development is to broaden the economic base of the community, to create more jobs, and to increase sources of income. In some communities this can be accomplished best through the expansion of existing industries. Many communities have firms in operation which could produce more and sell more with modern equipment, firms which could be exporting their goods to other nations, firms which could reduce seasonal fluctuations in production by diversification, and firms which could increase their productivity through a better plant layout.

Some very good reasons can be cited to justify attention to existing firms. First, it is generally agreed that between seventy to eighty percent of economic growth in an area results from existing firms, through expansions or the establishment of branches or subsidiaries. In most cases, these firms can choose to locate these expansions in the area or put them elsewhere; for most firms this is not automatic insofar as the locality is concerned. If a firm is satisfied with the locality, is not encountering any major problems in the location, and has the backing and cooperation of the local business, community, and governmental leadership, then the chances are good that expansion will take place locally.

Second, a firm considering a location in an area frequently will spend some

time talking with existing business and industry management regarding local attitudes toward new industry and how well the existing industry has fared in that location. If existing business management does not want new firms to come into the area, or has experienced problems with local government, labor, or the community in general, then it may be inclined to discourage the location of additional firms.

An economic development program, therefore, must get involved with the existing firms to insure that they stay in the area and that their management people behind the effort to attract new jobs.

## Chapter V

### COMMUNITY PROFILES AND BROCHURES

#### Community Profile

Information is the lifeblood of community development. From the community standpoint, the local development group needs to know what its town has to offer the industrial prospect. From the industrial prospect's standpoint, he needs to know what the community has in terms of what the company requires in a location. This information can be determined only after the essential research has been done to provide the data. The compilation process consists of an audit of resources; the results provide the community economic profile, usually the basis for a published booklet.

A community without an economic profile is not ready to involve itself in industrial development because it has no idea of what it has, and doesn't have, to offer industry. Going through the profile development process permits the community group to become involved in the essential process of self-analysis, learning about the community in light of the industrial development process. Through self-examination, the community will become motivated to correct its shortcomings and to capitalize on its strengths.

#### Compiling the Information

The responsibility of compiling a community profile rests with the local development organization. State-level development agencies can be called upon for technical assistance. A local contact familiar with local information sources, however, must be available to aid these outside agencies.

The survey team must include concerned and knowledgeable people, competent local contacts who are able to obtain information that may not be available to any outsider. In addition to providing this assistance, these local people constitute potential sources of information, and their presence as a part of the survey team lends additional credence and weight to the published community profile.

Reliable local contacts are also required for the crucial step of reviewing all the material gathered for factual accuracy before its publication. The data must be checked and double-checked before being released.

When the community profile is completed and published, the date of publication should appear at the bottom of the title page. This serves to inform the reader or user when the material was collected, verified, and published. It will

also cause the industrial development organization to reexamine and update the profile data periodically.

#### Profile Details Required

The following data (listed in Table 1) are the types of detailed information that should be included in the community economic profile. Subsequent analysis and interpretation of this information should help in identifying the strengths and weaknesses of the community.

Table 1

#### BASIC COMMUNITY DATA REQUIRED FOR ECONOMIC PROFILE

1. Population - Covers city, county and labor drawing area; includes detailed breakdown as needed.
2. Existing Industry - Lists new and expanded firms by name, with employment breakdown; industrial services and union activity in area if present.
3. Labor Supply - Total available analyzed by sex, skills, training and education.
4. Transportation - Information on all forms of transportation, including rail, truck, airline, water, bus and pipeline.
5. Raw Materials - Data on minerals, forest products and agricultural commodities and producers.
6. Power and Fuels - Rates and other details on electricity, natural and LP gas, fuel oil and coal.
7. Water Utilization - Information on sources, rates, streams and sewage system.
8. Finances and Taxes - Tax rates, bonded debt, and revenues and expenditures for city and county.
9. City Services - Information on fire and police protection and planning and zoning regulations.
10. Government - Description of municipal and county governmental structure.
11. Education - List of public facilities with details; also information on technical and post-high school institutions.
12. Libraries - Service and holdings.
13. Health - Hospital, clinic and health department information.
14. Recreation - Programs, facilities and funding; also information on special recreation attractions.
15. Living Conditions - Information on climate, housing, churches, and area income estimates.
16. Accommodations - Details on the availability of motels, hotels and restaurants.

17. Communications - Information on services such as telephone, telegraph, post office, radio, television and newspaper.
18. Banking - Resources of commercial banks and of savings and loan associations.
19. Local Development Program - Where such a program exists, include a brief history of its experience in financing and site development.
20. Optional - Maps, testimonials from employers, local economic trends, etc.

#### Analyzing and Interpreting Profile Data

After the community economic profile has been compiled, how should that tool be used? Analysis of the data ought to be undertaken with the intent of identifying and exploring problem areas. One major advantage of completing the economic profile is that it permits the local leadership to take an objective look at the community in much the same way as it appears to an outsider.

When analyzing the details of the economic profile, the local group should seek to identify both strong and weak situations. The presence of growth activity in an area generally indicates a healthy situation and the lack of growth activity an unhealthy one, although misguided or haphazard growth in itself may create substantial problems.

In identifying problem areas, the leadership task force should seek to determine which are inherently weak and which are remediable. Obviously, such weaknesses as lack of raw materials, poor geographic location, climatological extremes, etc., are not subject to corrective action. These must be accepted, and an effort must be made to work around such problems rather than to confront them directly. Other weaknesses are more subject to corrective measures: lack of industrial sites, inadequate utilities and services, low standards of education, etc.

#### Promotional Brochures

Since information is such an important aspect of the work performed by any local development group, brochures can constitute another means for making pertinent information available. There are three steps in brochure development: determining what the community has to offer; determining those subjects that ought to be emphasized; determining what should be described about each subject.

Determining what the community has to offer is not as difficult as it may appear at first glance. The local development group should rely upon its community economic profile as the first step in collecting vital information about what the community has to offer. The major selection criterion should be to identify the outstanding features of the community which industries may want to know about. A

review of the profile's table of contents could be the place to start searching for these.

The range of brochure subjects can be as broad as one's imagination makes it. If the group desires, and the budget permits, a whole series of brochures can be developed on almost every feature in the profile, subject by subject. This series might be coded with a common size and cover, but a different color to denote each particular subject.

Once the subject, or focus, of the brochure has been decided, the development group needs to determine what it wants to say about it. In a single brochure this boils down to "how much" should be said. Positive reader reaction is the real desired result. Specialized brochures, dealing with industrial sites and parks or available buildings, for example, must be tailored to marketing that product.

Brochure size is an important consideration: if the brochure is intended to be a mailing piece, it should fit into a standard envelope. Giant sizes, peculiar shapes and forms ought to be avoided. Art and layout consultants in developing the brochure message should be relied upon. Many printing firms offer this as part of their overall service.

The brochure can employ pictures and other graphics, making the message more readable and concise. It should be made as colorful and "eye-catching" as the budget will allow. Since its purpose is to sell the reader on what the community has to offer industry, one objective must be to persuade the audience to read the contents.

## Chapter VI

### OTHER TOOLS FOR ECONOMIC DEVELOPERS

#### Importance of Site Availability

If the community development group is seriously interested in furthering its economic development through industrial growth, it must have available sites to offer to prospects as part of its development program package. Obviously, if the industrial prospect plans to open a new plant facility, he must have a suitable piece of ground on which to build it. Any development agency lacking sites which are under the control of the development group and which can be offered to industry at a specified price per acre is not in a position to compete for new industry, even though all other program requirements may be met.

Development of new sites, or the establishment of an industrial park, will not guarantee new industry for every small community. It will, however, constitute a major step toward upgrading an average community into a better-than-average one, and thus become an important tool for development groups.

A firm seeking a new plant location usually gives considerable emphasis to a site for both present use and future expansion. The local economic development organization must be prepared to supply information on individual plant sites in the area and to point out the unique advantages of each. The industrial prospect may request data on where the sites are situated, the size, cost, topography and present utility and transportation services. Other details may be required, such as grading requirements, susceptibility to flooding, drainage characteristics, load-bearing capacity of the soil, zoning designation, adjacent land use, existing industrial buildings, and other improvements.

The purchase and development of land that does not have true industrial potential can be expensive and even disastrous for local industrial development groups. Professional assistance from numerous state level agencies can be obtained in the performance of industrial site surveys and in the selection of particular tracts of land. Properly conducted, industrial site surveys will identify sites of high priority for purchase and development, as well as others that might require more detailed engineering review and analysis. Very small communities unable to provide full initial financing for site development can utilize a minimum industrial site program.



### Site Requirements

Suitable industrial sites should have certain characteristics:

- Topography. The land should be fairly level to reduce site preparation costs. Soil should be capable of supporting foundation loads, or so improved at a reasonable financial outlay. The land should be well drained and free from flooding.
- Utilities. The site should be located so that it can be served economically by utilities, including water, sewage, electric and gas service.
- Access. The site area should be served by highways or all-weather roads and, if possible, located near rail service if the area has railroad facilities. It is preferable to have the site front on a state or federal highway. Not all industries require rail service, but its availability is desirable from a marketing standpoint.
- Size. The site area should be large enough that it could be sub-divided into parcels capable of accommodating various-sized plants and their parking requirements. Generally, the minimum amount of land which will allow for future expansion, parking, and other needs, ought to be about 10 acres.
- Price. A fixed price ought to be established for the site in a range that is comparable with other land in the immediate area, and the land certainly should be available when a buyer appears. The local development group ought to acquire control of the property, either through option or outright purchase, so that it can transfer title to the land.
- Protection. Protection of the industrial site area by zoning regulations can prevent encroachment by residential or commercial activity which might reduce future industrial expansion. The site area ought to be free of legal encumbrances such as easements, mineral rights, or entailment in estate settlements.

Industrial Parks. The establishment of an industrial park by a community or development group is a more sophisticated approach to providing industrial tracts for new plant facilities. An "organized" or "planned" industrial park or district is a tract of land which is subdivided and developed for the use of a group of industries. Streets, rail lead tracks, and utilities should be installed before sites are put up for sale.

A comprehensive plan should provide for adequate control of the area and buildings through restrictions which protect the investments of developers of the district and those industries which become occupants in the park. The industrial park provides advantages to the community in the economy of providing services to

a compact area. Convenience and the industrial character of the neighborhood are advantages for industry.

The increasing demand for plant site locations offering adequate expansion space, ample parking room, and removal from traffic congestion makes industrial parks attractive for tenants and owners. Plant management can be relieved of the problems and costs associated with finding and developing raw sites and arranging for utilities.

As with other major inducements used in industrial development, industrial parks also have some disadvantages. Higher land costs and more rigid requirements expected of industries may cause some companies to look at other alternatives. Larger investments in land and lengthy periods for amortizing the investment may discourage some development groups from entering this market.

Site Promotion. Once the community acquires a site or sites or an industrial district or park, it needs to let the world know what it has. Developing the site is only half the battle; promotion is the other half. To promote its site, the community group needs to draw upon the data it has developed in its economic profile plus information about its site or district in preparing a "site flyer."

A site flyer is a series of simple direct statements about the property being offered and the group offering it, with all the information being contained, usually, on an 8½" x 11" page. The flyer should contain an aerial photo of the site or district with all prominent features such as roads, rail lines, and major highways identified. A brief narrative description of the property offered, a line drawing of the site or district with transportation and utility services, a location map indicating where the site is to be found in the community, are other kinds of valuable information to be furnished.

The community group should develop one flyer for each site or district it offers. The flyer can be done in a simple black and white rendition, although more elaborate presentations are not frowned upon. This site information can be offered to visiting prospects or included in a packet of information to be mailed to interested parties.

Environmental Considerations. Site development activity has become increasingly complicated partly because of a multitude of federal and state regulations stemming from the Environmental Protection Act of 1969. Much activity relating to the physical aspects of development performance must be reviewed and approved by state or federal agencies--in Georgia by the staff of the Environmental Protection

Division, Georgia Department of Natural Resources. Aspects of the development process which come under the Division's review include water supply quality control, groundwater use, coastal marshlands protection, erosion and sedimentation, noise control, and solid waste disposal.

#### Available Buildings

Good vacant industrial buildings which can be occupied almost immediately frequently serve as a strong inducement for the location of new plants. Even when the production costs initially may seem higher than at other locations, the immediate availability of a building could be the major incentive in the location decision.

The word suitable is a key word in utilizing existing buildings, for not every vacant building is suitable, nor always available. Temporary use of existing buildings often is important as a pilot operation for training. Community economic development groups should maintain a list and description of buildings suitable for industrial or warehousing use. This information should be distributed to industrial realtors and the state-level economic development agencies.

Some industries initiate negotiations with communities without having fully decided whether to buy or lease a site and/or building. Therefore, the community economic development organization should be prepared for either event. The company's reasons for buying or leasing certainly should fit in with the community's own best interests.

Speculative Industrial Buildings. Construction of "spec" industrial buildings (before an actual tenant appears) is a tool which a number of community economic development groups now employ. By providing a modern building immediately available, or even the shell, some communities demonstrate their ardent desire for industrial growth.

Some economic development groups follow a policy of constructing only a shell--as little as three walls and roof--while others leave only the interior incomplete. Some groups advocate constructing a complete facility with only a few minor matters, such as wiring and plumbing, to be decided by the prospective industrial tenant.

Speculative industrial buildings can provide a short cut to all the detailed work which the tenant industry might anticipate in acquiring the real estate, getting favorable zoning, arranging for services and utilities and other time-consuming details.

Several risks are involved for any community group which uses this technique.

A distinct possibility exists of a loss of capital or of tying up capital in a building for a year or two, as well as interest payments, while the building is unoccupied. These facts of life should be faced, since it is unrealistic to expect to fill the building as soon as it is constructed.

Pressure to obtain a tenant, caused by the existence of an unoccupied spec building, can lead to some bad deals such as disposing of the building at less than cost or accepting a tenant that does not meet the economic development group's original specifications. In some cases, this situation may cause an industry to jump at the availability of the building, ignoring other factors that in the long run may be unfavorable for the company's success and, therefore, detrimental to the community.

Construction Costs. An often overlooked aspect in the provision of plant space for new industry is information relating to construction costs. If the development group is not involved in a speculative building program, one individual should have the responsibility for contact with local contractors and architects in order to have some specific cost data. If a spec building has been constructed recently, that may serve as a standard. Any other type of industrial construction in the area also may be used as a comparative basis to give per square foot costs and details on various types of construction--steel frame, concrete block, tilt-up and the like. Construction costs for production space, office and warehouse/storage will prove most useful.

#### Financing Programs for Industrial Development

The community industrial development organization must be prepared to meet the needs of prospects for financial assistance. This includes the financing of an industrial site or industrial park, of a speculative building, or of a building which is to be built to the prospect's requirements.

Numerous programs are available in Georgia that provide financial support required to construct new industrial facilities. Most of these plans operate at the local level, but vary, depending upon the extent of community interest and the involvement of local business leadership.

Generally, most Georgia communities are aware of the reasons why many new industries will expect to occupy leased quarters. A number of firms today are reluctant to acquire additional real estate and prefer to operate in the plant facility on a long-term lease basis. This trend, evidenced by modern corporations divesting themselves of real estate ownership, has caused numerous Georgia commu-

nities to explore ways and means of providing such space.

Industrial Revenue Bonds. One of the most popular methods of industrial plant financing used in Georgia, probably because it is the easiest to manage and offers several safeguards to the community and leasing tenant, is the issuance of industrial revenue bonds. Governmental bodies--city or county industrial development authorities--issue industrial or development bonds to finance construction (usually for a particular company and to that company's specifications) or to purchase land, plant and equipment for lease to private industry. Since 1968, any local government body in Georgia can set up the machinery to issue industrial revenue bonds.

The attractiveness of industrial development bonds as a means of industrial financing stems from the fact that, because they are issued by governmental authorities, they are tax-exempt. Thus, they carry a lower rate of interest than corporate bonds, making it cheaper to finance plant facilities. This type of financing usually does not conflict with restrictions on other outstanding corporate debt. In addition, the tax-exempt feature attracts investors, particularly those in the higher income tax brackets.

Since the governmental body owns the land, buildings, and equipment, they usually are exempt from local property taxes. Some governments prohibit such exemptions, while others arrange for payments in lieu of taxes.

The U. S. Congress placed a \$5 million ceiling on the amount of tax-exempt industrial revenue bonds that can be issued for one company at one location over a six-year period (three years prior to the issuance of the bonds and three years after), including all capital expansions by the firm. A separate legal provision makes any issue of \$1 million or less tax-exempt without reference to any time period. If, however, the facilities created under the bond issue are solely for pollution abatement, these dollar limitations do not apply. Further, these bonds are exempt from registration with the Securities and Exchange Commission.

Industrial Development Corporation. Another common vehicle for local plant-financing efforts is the development corporation. The local industrial development corporation is formed by private citizens and operates with funds raised from individuals and business concerns in the community through the issuance of stock, bonds, and notes, or by solicited donations. Development corporations may finance industrial projects through loans or loan guarantees, purchase of existing buildings for lease, or construction and leasing of industrial buildings.

The unique feature of development corporations is their willingness to provide capital wherever the community adjudges it to be most needed. The development corporation can provide financing in several ways. It can furnish funds to finance the construction of new industrial plants for lease or may make non-bankable loans to manufacturers.

The scope of community participation needed for a successful development corporation varies from place to place. The development corporation's composition generally determines the most efficient method of raising capital: with limited membership, the capital may be raised from the members at the time of incorporation, or if the membership includes a large segment of the community, the funds may be solicited after incorporation. A corporation may be either the profit type or the nonprofit type, but this seems to have little effect on the development corporation's ability to carry out its program and aims. No known method commands unanimous support.

The Business Development Corporation of Georgia. The Business Development Corporation of Georgia, Inc., is a privately owned and managed financial institution which has been in existence since 1973. It has raised capital by sale of stock to banks, federal savings and loan associations, utilities, insurance companies, and private citizens.

Loans made by BDC are of a nature or term not usually undertaken by other financial institutions and may involve greater risk, though frequently a member financial institution will participate in a loan which it has referred to BDC. The loan applicant must show that he has applied for the loan through ordinary banking channels and been refused by at least two banks or other financial institutions.

BDC can make loans to businesses in Georgia, either for expansion of production or for sound new ventures, preferably in manufacturing or processing, which promote industrial growth, economic diversity and stability. These loans are made for up to fifteen years, and may range from \$50,000 to \$250,000.

#### Conventional Financing Sources

There are several sources which fall into this category:

- Insurance Companies. These have been a major source of long-term mortgages and are probably the most important source for first-mortgage money, which some local development corporations supplement with second-mortgage funds. These companies prefer loans larger than \$100,000 since the cost of servicing such loans does not vary proportionately with the amount loaned.

- Commercial Banks. Another conventional source of capital, regarded in most communities as the primary source for obtaining financial support in many business ventures are the commercial banks. Most are limited by legal requirements for maintaining liquidity, particularly as to the proportion of capital and surplus that can be committed to one borrower or one project.

- Builders/Investors. These firms, often located in metropolitan areas where a substantial volume of business exists, usually construct the facility and act as both owner and lessor. Some builders/investors have expanded operations into smaller communities in Georgia, and have engaged in the construction of a speculative "shell" building.

- Other Sources. This category includes mortgage bankers and mortgage companies which have funds available or rely on commercial banking sources for mortgage loans. A rapidly growing source of loans for industrial plant financing has been pension funds. Because of their tremendous growth, many of these funds have been more receptive to making loans for industrial property.

#### Federal Programs

At least two federal programs offer sources for industrial plant financing in Georgia. In some cases they require local participation through a development corporation or similar organization, or through local banks. New budget restrictions may limit sharply their availability.

Small Business Administration. The Small Business Administration (SBA) can make intermediate-term loans to small business firms unable to obtain financing through conventional outlets. Loans may be made for business construction, conversion, or expansion; purchase of equipment, facilities, machinery, supplies or materials; and working capital. The maximum SBA will lend to one business is \$350,000. This applies to SBA's share of participation loan and to direct SBA loans. On a percentage basis, the maximum SBA participation in a loan is normally 75 percent.

Under Section 502 of the Small Business Investment Act, SBA makes loans to local development companies or corporations. These loans to the development company can be used to purchase land, construct a building, modify an existing building, or assist in the acquisition of machinery or equipment.

Economic Development Administration. The Economic Development Act provides low-interest, long-term loans to businesses expanding or establishing new plants in designated redevelopment areas or districts (12 Economic Development districts

and 18 Economic Development growth centers, covering a total of 153 counties in Georgia). These loans can be made for up to 65 percent of the total project cost--including land, buildings, machinery, and equipment--for as long as 25 years at a rate of interest based on federal borrowing costs.

### Labor Supply Analysis

In the field of community/area economic development, human resources are commonly referred to as manpower resources. They are employed in processing or transforming other community resources into goods and services. A community's manpower is a most valuable resource, and can be one of the prime determinants considered in the location decision of many business and industrial firms.

Communities are generally prone to overstress the quantity of available local manpower and to neglect the qualitative factor. Many Georgia communities have an ample surplus of workers, actual or potential but those prepared to submit detailed data as to age groupings, sex, specific industrial skills, and local conditions affecting the employment and payment of workers are exceptional. The more a community group can learn about its manpower resources, the better its chances of selling the community to industry.

Specific and complete manpower data are needed to satisfy most industrial prospects and to support adequately the community development effort. The community which can present detailed and objective manpower data will have a decided advantage over competing communities unable to present comparable data.

### Information Needs

A number of elements comprise the complete labor availability resources of a community. Principal among these are:

- Number Available. First, the industrial prospect will want information on the number of workers available for employment within a reasonable commuting distance of the community. The available labor supply comes from three major groups: (1) the unemployed, the most easily identified and the most readily available, but not the best or the most highly skilled workers; (2) the employed and underemployed, working at less than the highest skill or potential; (3) new entrants to the labor market such as school graduates and dropouts, housewives, marginal farm workers, and new residents who enter the labor force as employment opportunities develop.

Competition for the labor supply, both within the community and in the commuting distance, must be depicted reliably. The major employers and type of workers they employ (by wage category) should be known. New plants or large employers



coming into the area, or expansions by existing industry, will have definite impacts on the labor force quality and quantity.

- Quality of the Supply. The industrial prospect will want to know what specific skills are available. This may be critical, although some industries prefer to train their own workers and, therefore, trainable manpower could be more important than trained manpower. The prospect will also be interested in the reputation of the local labor force in terms of ability to learn, productivity, attitude toward work, dependability, and stability.

- Prevailing Wage Rates. Industrial prospects want information on local pay policies to determine probable labor costs based on the prevailing wage rates for certain key jobs, pay practices (bonus, piecework, overtime payments, shift differentials, etc.) and other fringe benefits such as insurance, vacations, and retirement plans.

- Labor Relations History. Some industries seek locations which will allow them to avoid unions, while others prefer a union. Local development groups should have data on the degree of unionization, a record of strikes and work stoppages, and on community attitudes towards unions.

- Training Facilities. Questions are likely to be asked concerning availability of vocational-technical training schools and the kinds of courses offered. It is important to have data on programs for assisting new or existing firms to train their own workers.

- Labor Codes and Regulations. The state has labor codes and regulations and the general provisions of these may be raised in the investigation. Certainly, if the local community has its own regulations, these should be explained to the prospect.

#### Sources of Data

Community economic development groups ought to become familiar with the standard sources for developing reliable information on manpower. Important published sources include the Census of Population and "Recrutable Labor in Georgia," a quarterly report issued by the Georgia Department of Labor. This latter is probably the best published information on an area, but may need updating by the local labor office.

If all sources of existing information have been supplied, and the industrial prospect is still not satisfied, it may become necessary to conduct interviews with existing employers or to take an actual labor registration. The regis-

trations should not be undertaken without considerable assistance from knowledgeable sources, particularly state-level agencies.

Experiences of local employers are perhaps the most useful source of manpower information, if they are handled properly. An industrial prospect is interested in what other local firms have experienced in recruiting, employing, and training workers in the community. Local industrialists who are willing to talk with industrial prospects and to be objective in describing the local manpower situation are a real asset.

Wage surveys can be conducted by interviewing periodically local industry on a confidential basis to determine prevailing wage rates for specific jobs. Community leaders should make sure that the management of local firms understands the purpose of this program.

Manpower surveys or registrations of individuals interested in industrial employment can be conducted by mail, house-to-house canvass, telephone, or at centrally located registration booths. These systems provide a method of collecting data on the availability of manpower at a specific time. There is a danger in holding registrations too often in a community.

Use of Labor Data. Data are of no use if they cannot be passed on to others. They should be presented in a concise logical manner and duplicated for distribution. Labor data change frequently, so a neatly typed format should be adequate, with date and sources clearly evident.

The labor data should be available to the local development group and provided to each state-level agency which serves the area. Of course, every prospect should be provided with the data.

## *Chapter VII*

### NEGOTIATING WITH INDUSTRIAL PROSPECTS

As has been stated earlier, targets for community economic groups can be any kind of activity which will generate jobs and provide additional personal income. Traditionally, the local economic development program is oriented to attracting new manufacturing plants. The principles described below for performing this phase of development work have wide application and can be followed for encouraging many types of investment activity.

#### Management Decisions

In order to establish a successful program of attracting new industry it is necessary to understand how the management of a company that is seeking a new plant location approaches the problem. It is important to understand those steps preceding the final selection, especially what industry expects from the community and its industrial development group.

Few, if any, management decisions surpass in importance and magnitude the selection of a location for a new facility, for such decisions usually involve a substantial, long-term financial outlay. Location decisions, once made and acted upon, are extremely difficult and costly to change. For those making a location decision, there are no set or standard procedures which will guarantee optimum results. Important in the process are intuition, judgment, experience, and "rule of thumb."

The role which the industrial development group and development professionals play in this decision process varies from company to company and location to location. However, the one aspect which does not change is the professional service of providing accurate data to decision-makers so that they can eliminate as much of the uncertainty as possible, as well as minimizing the time and cost of obtaining the data.

Procedures Used. Procedures used in the selection of new plant sites depend to some extent upon the size of a given firm. Plant location departments of large firms have specialists who continuously survey the various market areas which their company might consider. The smallest firms often do not need technical assistance in this field because they tend to locate in the proprietor's hometown.

By far the largest group of industrial prospects, as far as location activity is concerned, comes from the vast number of medium-sized corporations. Some of these

have established branch plants, while others may make only one plant location in the entire corporate lifetime.

Location decisions are quite complex, not routine nor repetitive, and may require years to make, and involve many people. While a number of individuals may participate in analyzing and recommending locations, the decision itself is normally made by the board of directors, or the chief executive officer.

Location Process. Confronted by the need for additional production capacity, management has several options: it can expand at its current location; or it can locate a branch at a different location; or it can relocate the entire operation elsewhere; or it can choose to take no action whatever. While the purpose can be described as the need to maximize profits, the underlying cause for considering additional capacity can relate to the need for more or better production, for correcting labor problems, for meeting competition, or other combinations of management requirements.

Once the management determines that an additional facility is required, most companies begin the search by setting up specifications for the location of the new plant. The advantages sought from a new plant location usually fall into primary or "must" requirements, and secondary or "preferable" considerations. The requirements which are "musts" can include many factors such as availability of labor skills or exceptional utility requirements, or specialized transportation. "Must" requirements form the basis for the elimination of many non-compatible communities.

In the final analysis, the selection of the location is usually based on a compromise between two or more possible locations. If the "must" considerations are equal or assured at each possible location, then the locations with the optimum "preferable" considerations will be selected. Here the emphasis is often placed on such intangibles as labor quality, climate, community appearance, and amenities.

#### Community Sales Team

In order to respond properly to plant location inquiries, a team of dedicated and well-informed volunteers must be formed to represent the community. This community sales organization must know its product thoroughly.

In searching for the right members, the primary concern must be the prospective member's interest in industrial development and his enthusiasm for his community. The attitude of the team member should reflect sincerity of effort and dedication to the task of building an economic future for his community and area.

Another important consideration in selecting the team member is his willingness to sacrifice. He will be called upon for financial help.

The most effective industrial contact teams are those with little or no turnover in personnel from year to year. Team members should accept their responsibility as a long-term assignment, and the better trained they are in industrial development and in the art of dealing with prospects, the more valuable to the team they will be.

Size of the team depends upon the number of genuinely interested persons recruitable and the amount of information that must be handled by each member. Team size can vary from three persons in smaller communities upwards--efficiency of operation is the real key.

Some teams have advisory members called upon when extremely specialized information is needed. Where possible, it is desirable to use men and women whose vocation is in the field they represent on the team. They are familiar with the subject and usually able to obtain special information required by a prospect.

The ultimate establishment of a new plant will reflect the personal relationship between the prospect representatives and the community sales team. Obtaining the confidence of the prospect is a key. In order to develop that confidence, understanding of the prospect's location problems and responding to them in a positive fashion are required.

#### Tips on Handling Prospects

The subject areas which need to be covered by the industrial sales team members include most of the topics described under "Community Profiles and Brochures" with special emphasis upon utilities, transportation, existing building and construction costs, industrial sites, plant financing methods, labor supply and training assistance, government services and taxation policies, and general living conditions.

While it is almost impossible to anticipate all the questions which the industrial prospect may raise, experience indicates that the team specialists should have knowledge of considerable details in their fields of responsibility. Since each prospect will represent a specialized situation, efforts should be made to determine as precisely as possible just what elements are involved in the particular plant search and what specifics are needed for company management to make a sound decision.

The following guidelines are important in dealing with prospects:

- The initial visit with the prospect should be viewed as one for the exchange of information and not a high-pressure selling effort. This is the time when a short tour of the area with emphasis on sites and situations pertinent to location of a plant is desirable.
- The meeting should concentrate on presenting specific factors about the community and obtaining further information about the needs of the industry.
- Don't waste the time of the industrial facility investigator. Tell him what he wants to know, show him what he wants to see, find out what other information he needs.
- Give the prospect the impression of interest, activity, and business-like approach to his problem. Be prompt in submitting any additional information requested.
- Develop a game plan beforehand which will include such essentials as where to meet, presenting the information requested, bringing in special experts as needed, giving the prospect a good tour of the community.
- For successful negotiations with the prospect, the community development group will need information on the nature and purpose of the proposed plant, space and site requirements, employment needs, principal raw materials used, transportation facilities needed, utility requirements, the principal factors in the location decision, and who will make that decision.

The Follow-Up. After the initial visit of the industrial facility investigator, follow-up contacts are essential but must be handled discreetly. The local developer must walk a fine line between appearing indifferent about the project on the one hand, and too solicitous on the other, thereby irritating the industrial prospect. At this stage, the confidential nature of the project may loom quite large--care must be exercised to hold down local speculation, amateur detective work, or outside interference.

The number and timing of follow-up activities with the prospect can only be gauged by the degree of interest which the prospect has shown, and by his response to subsequent letters and calls. Much patience must be exercised by the community because timing of the final decision is in the hands of the prospect. If they are not already involved, this may be the time to enlist development allies such as outside agencies on the state level which can provide supportive data, and perhaps additional guidance as to specific follow-up approaches. Excessive public-

ity, prior to finalizing agreements with the prospect, will only serve to invite competition from other communities.

If the community group has not previously investigated the financial background of its prospect, this certainly should be undertaken once the company's identity is divulged. This investigation needs to be conducted in a circumspect manner, so that the interest of the company is not broadcast to the world. Sources of assistance in this matter can be local banks and their correspondents and knowledgeable developers from state level agencies.

A businesslike posture must be maintained throughout these negotiations. If the community development group maintains its role of furnishing assistance and having an understanding of the prospect's ultimate objectives, it will not likely be ignored by the prospect.

Industrial development is full of frustrations. Only a few of the industrial prospects which make initial contact carry through with a location decision. The competition for those plants which do locate is quite keen. Yet, for the successful community which lands its new plant the rewards are more than equal to all the time and effort put into this work.